



**COUNCILMEMBER DONNA FRYE
COUNCILMEMBER TODD GLORIA**
City of San Diego

MEMORANDUM

DATE: July 29, 2010

TO: Honorable City Councilmembers
Honorable Mayor Jerry Sanders

FROM: Councilmember Donna Frye
Councilmember Todd Gloria

Donna Frye
Todd Gloria

SUBJECT: Reform and Revenue Ballot Measure

Councilmember Gloria and I have updated the June 27, 2010, "Revenue and Reform Ballot Measure" memorandum in order to continue the public discussion to link together reform and revenue. It is a public work in progress open to changes, additional ideas, various timeframes etc.

Composing a package of financial reforms and new revenue is crucial to the health of our city. We cannot achieve financial stability through only producing new revenue or only through reforms- they must be done in concert with each other. The proposed ballot measure would authorize a ½ cent sales tax for five years linked with various financial reform performance measures. If, by the dates associated with each reform, these measures have not been completed, the sales tax increase would be automatically repealed on December 1, 2012. The following represents a balanced package of reform measures that, when combined with increased revenue, will allow our city to finally fix the ongoing budget deficits.

- 1) **TEMPORARY SALES TAX.** A temporary ½ cent sales tax to finance essential City general services for a period of five years shall be placed on the November 2010 ballot to become effective _____
- 2) **TAX PURPOSE.** The ballot title and summary prepared by the City Attorney shall list at least the four largest services funded through the General Fund.

- 3) A panel of three retired Superior Court Judges or the City Auditor shall review the required reform measures to confirm that they have been met.

2010/2011 REFORM MEASURES

- 1. Eliminate Employee Pick up for elected officials, unclassified and unrepresented employees**

By November 30, 2010, the City shall no longer pick up any portion of elected official, unclassified and unrepresented employee pension contributions.

- 2. Begin Implementation of Managed Competition**

By December 1, 2010, SDMEA and AFSCME 127 shall reach an agreement with the City on a Managed Competition guide. The City may initiate competitions for solid waste collection, print shop and publishing services, auto and fleet maintenance, landscaping, and facilities operations and maintenance.

- 3. Complete DROP Cost Neutrality Study**

By January 15, 2011, the City will complete the DROP cost neutrality study and present its findings to the City Council.

- 4. Establish Second Tier Pension Plan for Fire**

Local union #145 will agree, subject to meet and confer, to establish a second tier pension plan comparable to the POA for new hires after July 1, 2011.

- 5. Eliminate Terminal Leave for all Employees**

By July 1, 2011, City employees may only cash out accrued leave at time of separation from the City. No other options will be available.

- 6. Reduce City Pension Pick up Cost for Employees**

By July 1, 2011, the City shall reduce its portion of represented employee pension contributions.

- 7. Reduce Retiree Health Costs**

By November 30, 2011, all City employee representative units shall bargain in good faith to reduce the City's future unfunded retiree health liability.

- 8. Solicit Proposals to take over Landfill Operations**

By December 31, 2011, the City shall solicit proposals from qualified bidders to take over the operations of the City's landfill.

2012 REFORM MEASURES

9. Competitively Bid the Remaining IT services

By June 30, 2012, the City shall solicit proposals from qualified bidders to take over the operations of the City's IT services.

10. Establish Voluntary 401(k) Pension

By November 30, 2012, subject to IRS approval, the City shall negotiate in good faith with employee bargaining units to establish a **voluntary** Tier 3 defined contribution pension plan, which may include an employer match, and will result in greater savings to the City than the current Tier 2 pension plans.

All items shall be completed no later than the indicated dates or this Sales Tax increase is automatically repealed.

CC: Honorable City Councilmembers
Honorable Mayor Jerry Sanders
Andrea Tevlin, IBA
Jan Goldsmith, City Attorney
Jay Goldstone, COO